

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6848

BILL NUMBER: HB 1535

NOTE PREPARED: Jan 8, 2011

BILL AMENDED:

SUBJECT: Delinquent Property Tax Sales.

FIRST AUTHOR: Rep. Mahan

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: *Auditor's Notice-* The bill provides that a county auditor's notice of a tax sale is not to state that the person redeeming real property after the sale is required to pay the amount by which the sales price exceeded the minimum bid.

Bidder Written Statement- The bill revises the language of the written statement that a bidder on property at a tax sale must sign (which concerns the bidder's bid being applied to delinquent taxes owed by the bidder) so as to make that statement consistent with the redemption requirements of the law.

Elimination of Inapplicable Provision- The bill eliminates a provision that applied only to tax sale property that was offered in 2006 and found to be brownfield property.

Certificate of Sale- The bill provides that a person redeeming tax sale property where a certificate of sale has been sold must pay the same amount as a person redeeming property where no certificate of sale is involved.

County Treasurer- The bill provides that when a person who purchases real property at a tax sale fails to pay the bid: (1) the county treasurer, instead of the county prosecuting attorney, must initiate an action to recover the civil penalty; (2) the suit must be initiated in the name of the county and not the treasurer of state; and (3) the person may be found liable for treble damages, costs, and reasonable attorney's fees.

Payment Changes- The bill provides that an owner, to redeem tax sale property, must pay 10% per annum on the amount by which the purchase price of the property exceeded the minimum bid but is not required to pay the amount by which the purchase price of the property exceeded the minimum bid.

Determination of Minimum Bid- The bill provides that in the case of a property owned by the county after a tax sale, the disposing agent may determine a minimum bid based on two appraisals and the disposing agent's knowledge of the property.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: These provisions could make it easier for counties to sell properties delinquent on their taxes at a tax sale. Particularly, the bill could make it easier for properties with certificate of sale acquired by the county after the initial tax sale to be resold if the disposal agent were able to input their knowledge of the property into the determination of the minimum bid.

The bill allows the county treasurer (instead of the county prosecutor) to initiate failure-to-pay cases. The Treasurer would be allowed to recover treble damages, costs and reasonable attorney's fees. This provision also would reduce the workload of the county prosecutor.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: County executive, county treasurer, county prosecutor.

Information Sources:

Fiscal Analyst: Chris Baker, 317-232-9851.